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August 2, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's response to the following Record Request:

From the Department:

RR-DTE-56 (CD)

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)
A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)
Andreas Thanos, Assistant Director, Gas Division (1 copy)
Alexander Cochis, Assistant Attorney General (4 copies)
Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO
RECORD REQUESTS FROM THE D.T.E.
D.T.E. 05-27

Date: August 2, 2005

Responsible: John E. Skirtich, Consultant

RR-DTE-56: Referencing Exhibits BSG/JES-1, Schedule JES-6 at Page 1 and BSG/JES-1 Schedule JES-1, Provide another exhibit listing:

Column 1:	List O&M expense accounts and sub-accounts
Column 2:	Test-year amount for each account
Column 3:	adjustments to accounts

Also, provide second item for incentive compensation, separate and apart from the labor amount and medical and dental expense to the extent possible.

Response: Attachment RR-DTE-56 (A) is a single tab, non-linked spreadsheet detailing, by major component, Bay State's test year Operating Revenue and Operating and Maintenance Expense ("O&M"). For both Operating Revenue and O&M Expense, the per book amounts are shown in Column 1, the Company's proposed adjustments are shown in Column 2, and the resulting adjusted levels are in Column 3. Column 4 provides a cross reference to the appropriate Schedule in the filing supporting the adjustments and adjusted numbers.

An electronic copy of Attachment RR-DTE-56 (A) is being provided to the Department on CD.

Also, the Company has included the O&M portion of Attachment RR-DTE-56 (A) as the tab labeled "RR-DTE-56" in a multi tab, linked spreadsheet entitled Attachment RR-DTE-56 (B). Attachment RR-DTE-56 (B) incorporates the above-described tab into the cost of service files as Schedule JES-6, Page 1(a) of 20. The adjustment Column (Column 2) is linked to the appropriate Schedule JES-6 pages included in Attachment RR-DTE-56 (B), which support the adjustments. Any change in an adjustment will automatically update the tab entitled "RR-DTE-56". Only an electronic copy of Attachment RR-DTE-56 (B) (i.e., the cost of service calculation) and Attachment RR-DTE-56 (C) (i.e., the supporting work papers) are being provided to the Department on CD (i.e., no hard copies of this information is being provided).

The Operating Revenue section of RR-DTE-56 was not incorporated in the attached electronic files. Operating Revenue (Schedule JES-4) as provided by Joseph Ferro was copied into the cost of service file and not linked to Mr. Ferro's Schedule JAF-1-1.

Bay State Gas Company
Operating Revenue & O&M Expense
Test Year Ended December 31, 2004

Line No.	Description	Per Books (1) \$	Adjustments (2) \$	Annualized Revenue at Current Rates (3) \$	Reference (4)
1	Residential Sales Revenue	334,824,296	(7,113,546)	327,710,750	Sch. JAF - 1-1
2	Comm/Industrial Sales Revenue	127,857,611	(3,652,138)	124,205,473	Sch. JAF - 1-1
3	Interruptible Sales Revenue	<u>2,904,376</u>	<u>(2,904,376)</u>	<u>0</u>	Sch. JAF - 1-1
4	Total Tariff Revenues	465,586,283	(13,670,060)	451,916,223	
5	Residential Transportation of Gas	21,028	4,167	25,195	Sch. JAF - 1-1
6	Comm/Industrial Transportation of Gas	23,754,251	(777,408)	22,976,843	Sch. JAF - 1-1
7	Off System Sales	3,874,467	(3,874,467)	0	Sch. JAF - 1-1
8	Gas Property Revenue	1,513,333	0	1,513,333	Sch. JAF - 1-1
9	Rental Revenue	6,824,456	0	6,824,456	Sch. JAF - 1-1
10	Guardian Care/Inspections	7,690,936	0	7,690,936	Sch. JAF - 1-1
11	Lost Net Revenue	329,951	(329,961)	(10)	Sch. JAF - 1-1
12	Late Payment Charges	685,241	0	685,241	Sch. JAF - 1-1
13	Return Check Charge	27,736	0	27,736	Sch. JAF - 1-1
14	Carrying Costs-Pre tax of Rate of Return	(988,819)	988,820	1	Sch. JAF - 1-1
15	Prod & Storage Revenues	1,044,497	8,085,135	9,129,632	Sch. JAF - 1-1
16	Customer R&C Shut-off Turn-off	<u>93,975</u>	<u>0</u>	<u>93,975</u>	Sch. JAF - 1-1
17	Total Other Oper. Revenues	44,871,052	4,096,286	48,967,338	
18	Elimination of Indirect GAF and DAF	0	(26,092,473)	(26,092,473)	Sch. JAF - 1-1
19	Add back Bad Debt Exp. Included in Indirect Gas Cost	<u>0</u>	<u>7,118,165</u>	<u>7,118,165</u>	Sch. JAF - 1-1
20	Total Revenue	<u>510,457,335</u>	<u>(28,548,082)</u>	<u>481,909,253</u>	
		O&M Expense Per Books	Adjustments	Adjusted O&M Expense	
21	Payroll - Union	20,412,555	1,173,418	21,585,973	Sch. JES-6, Page 2
22	Payroll - Non Union	4,075,596	443,840	4,519,436	Sch. JES-6, Page 2
23	Incentive Compensation	858,826	(124,422)	734,404	Sch. JES-6, Page 3
24	Benefits:			0	
25	OPEB	2,325,888	0	2,325,888	Exhibit BSG/JES-4
26	Pensions	2,700,563	0	2,700,563	Exhibit BSG/JES-4
27	Selective Employee Retirement Plan	149,490	0	149,490	
28	Medical Insurance	3,122,606	684,618	3,807,224	Sch. JES-6, Page 4
29	Dental Insurance	295,984	56,427	352,411	Sch. JES-6, Page 4
30	Other Employee Benefits	863,795	0	863,795	
31	Property & Liability Insurance	2,301,379	94,997	2,396,376	Sch. JES-6, Pages 5
32	Self Insurance Claims	397,749	80,021	477,770	Sch. JES-6, Pages 6
33	Bad Debt Expense - Gas Revenue	3,199,694	7,106,032	10,305,726	Sch. JES-6, Pages 9
34	Bad Debt Expense - EP&S	412,767	246,232	658,999	Sch. JES-6, Pages 10
35	CGA Bad Debt Tracker	5,290,135	(5,290,135)	0	Sch. JES-6, Page 18
36	LDAC trackers	3,937,032	(3,937,032)	0	Sch. JES-6, Page 18
37	NiSource Corporate Services Company	24,176,988	748,122	24,925,110	Sch. JES-6, Pages 11
38	Rents and Leases	8,016,257	(2,608,947) 1/	5,407,310	Sch. JES-6, Pages 16 & 17
39	Material & Supplies	3,917,361	67,947 2/	3,985,308	Sch. JES-6, Page 14
40	Advertising	257,193	0	257,193	
41	Other O&M Expenses	12,295,626	162,729 3/	12,458,355	Sch. JES-6, Pages 12 & 15
42	Farm Discounts	0	15,320	15,320	Sch. JES-6, Page 13
43	Gain on Sale of Property	0	(408,197)	(408,197)	Sch. JES-6, Pages 7
44	Rate Case Expense	0	331,700	331,700	Sch. JES-6, Page 8
45	Inflation	<u>0</u>	<u>1,195,274</u>	<u>1,195,274</u>	Sch. JES-6, Page 19
46	Total O&M Expense (Lns. 21 through 45)	<u>99,007,484</u>	<u>37,945</u>	<u>99,045,429</u>	Sch. JES-1, Ln. 3